

**MOC-FLOYD VALLEY
COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2011**

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2011
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MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT

BOARD MEMBERS AND OFFICIALS

June 30, 2011

Board of Education (Before September 15, 2011 Election)

<u>Name</u>		<u>Term Expires</u>
Deborah De Haan	President	2011
Gerald Van Roekel	Vice President	2012
Dan Duistermars	Board Member	2012
Shane Jager	Board Member	2011
Patti Thayer	Board Member	2011

Officials

Gary Richardson	Superintendent	2011
Leann Evenhuis	Board Secretary	2011
Scott Kooiman	Board Treasurer	2011
Stephen F. Avery	Attorney	2011



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INDEPENDENT AUDITORS' REPORT

To the Board of Education of
MOC-Floyd Valley Community School District
Orange City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the MOC-Floyd Valley Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the MOC-Floyd Valley Community School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of MOC-Floyd Valley Community School District as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011 on our consideration of the MOC-Floyd Valley Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the retiree health plan on pages 4 through 12 and 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MOC-Floyd Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. The other supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Williams + Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Le Mars, Iowa
December 5, 2011

MOC-FLOYD VALLEY MANAGEMENT DISCUSSION AND ANALYSIS

MOC-Floyd Valley School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

General fund revenues increased from \$12,081,056 in fiscal 2010 to \$13,026,690 in fiscal 2011 and approximate 8% increase, while General fund expenditures increased slightly from \$12,310,506 in fiscal 2010 to \$12,404,294 in fiscal 2011, an approximate 1% increase. The District's General fund balance increased from \$725,068 in fiscal 2010 to \$1,346,179 in fiscal 2011, an 86% increase.

Due to the current economic climate, the district has been intentional about controlling expenditures and seeking additional funding streams. In order to cut expenditures, teachers that retired after the 2009-10 school year were not replaced and several coaching positions were paid using funding from outside sources. During the 2010-11 fiscal year, the MOC-Floyd Valley Community School District entered into a sharing agreement with the West Sioux Community School District for shared superintendent and business management services. Therefore, expenditures in those areas were decreased during 2010-11 and additional state funding will be realized by both districts during the 2011-12 fiscal year.

The district realized increased enrollment and state allowable growth was set at 2 percent for the 2010-11 fiscal year. Although state aid was cut by \$132,704, the funding was replaced by American Recovery and Reinvestment Act funding.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of MOC-Floyd Valley Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report MOC-Floyd Valley Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which MOC-Floyd Valley Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds, Capital Project Funds, and Debt Service Fund. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

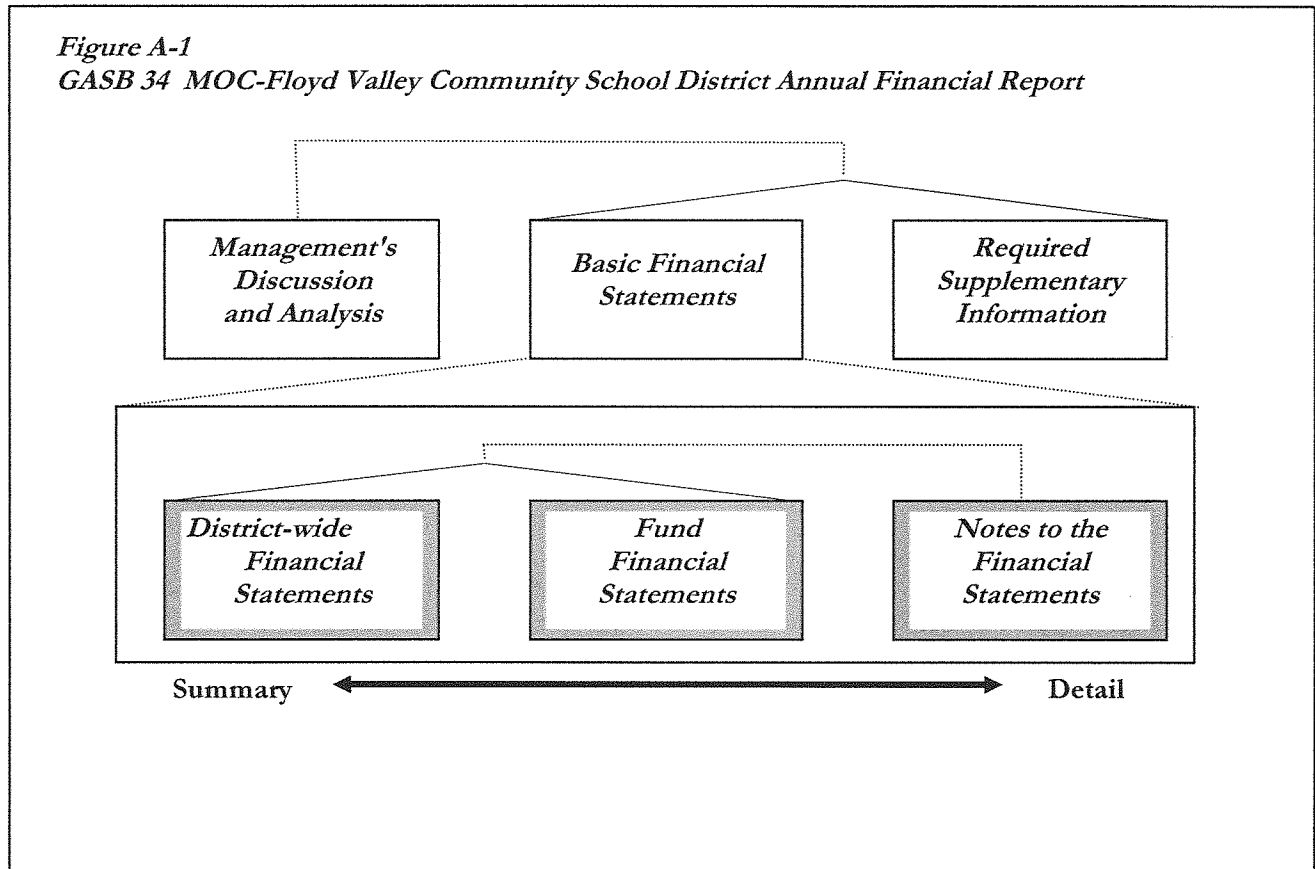


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short- term and long- term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, are the same as its business type activity, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

- 3) *Fiduciary Funds*: The District is the trustee, or fiduciary, for assets that belong to others. The District's fiduciary funds include an agency fund for the District's flex cafeteria plan for employees and an agency fund for the District's Band Parent organization.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes this activity from the government-wide statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2010 and 2011

Figure A-3 Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total % Change
	2010	2011	2010	2011	2010	2011	
Current and other assets	\$ 8,895,293	\$ 9,431,465	\$ 190,918	\$211,025	9,086,211	\$ 9,642,490	6.1%
Capital Assets	11,027,870	10,693,325	110,306	124,068	11,138,176	10,817,393	-2.9%
Total Assets	19,923,163	20,124,790	301,224	335,093	20,224,387	20,459,883	1.2%
Current Liabilities	7,757,850	7,482,082	57,595	42,241	7,815,445	7,524,323	-3.7%
Long-Term Liabilities	2,179,385	1,515,371	6,240	6,675	2,185,625	1,522,046	-30.4%
Total Liabilities	9,937,235	8,997,453	63,835	48,916	10,001,070	9,046,369	-9.5%
Net Assets:							
Invested in capital assets, net of related debt	8,040,908	8,545,547	110,306	124,068	8,151,214	8,669,615	6.4%
Restricted	796,931	769,185	-	-	796,931	769,185	-3.5%
Unrestricted	1,148,089	1,812,605	127,083	162,109	1,275,172	1,974,714	54.9%
Total Net Assets	\$ 9,985,928	\$11,127,337	\$ 237,389	\$ 286,177	\$ 10,223,317	\$ 11,413,514	11.6%

The District's total net assets increased by 11.6% or approximately \$1,190,197 over the prior year. The largest portion of the District's net assets is the investment in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

For FY11, long term liabilities showed a decrease of approximately 30.4% due to payments on the PPEL loan and Statewide Sales, Services, and Use tax revenue bonds. The PPEL loan was paid in full and the Statewide Sales, Services, and Use Tax Revenue Bonds will be fully paid in FY15.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets decreased by \$27,746 or 3.5% from the prior year. The decrease was primarily a result of decreased restrictions for categorical funding, special revenue funds, and other special revenue purposes.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$699,542 or 54.9%. This increase is due to the state aid formula being fully funded through a combination of state aid and American Recovery and Reinvestment Act funding, stable enrollment and a cash reserve levy that was put in place to counteract the affect of the 10% across the board cut from the previous year.

Figure A-4 shows the change in net assets from the years ending June 30, 2010 and 2011.

Figure A-4 Changes in Net Assets from Operations

	Governmental Activities		Business-type Activities		Total District		Total % Change
	2010	2011	2010	2011	2010	2011	
Revenue:							
Program Revenue:							
Charges for Services	\$ 610,854	\$ 890,704	\$ 427,085	\$ 435,545	\$1,037,939	\$1,326,249	27.8%
Operating Grants and Contributions	2,794,911	2,257,074	239,696	247,548	3,034,607	2,504,622	-17.5 %
Capital Grants and Contributions	87,266	1,907	-	-	87,266	1,907	-97.80%
General Revenues:							
Property Tax	4,579,353	5,172,014	-	-	4,579,353	5,172,014	12.9%
Instructional Support Surtax	633,996	573,577	-	-	633,996	573,577	-9.5%
Statewide Sales, Services, and Use Tax	1,012,315	1,076,396	-	-	1,012,315	1,076,396	6.3%
Unrestricted State Grants	4,425,703	5,204,691	-	-	4,425,703	5,204,691	17.6%
Unrestricted Investment Earnings	45,799	45,026	2,678	3,780	48,477	48,806	0.7%
Other	58,422	55,292	2,347	2,963	60,769	58,255	-4.1%
Transfers	-	8,870	-	(8,870)	-	-	-
TOTAL REVENUES	14,248,619	15,285,551	671,806	680,966	14,920,425	15,966,517	7.0%
Program Expenses:							
Instruction	9,427,547	9,641,885	-	-	9,427,547	9,641,885	2.3%
Support Services	3,417,016	3,561,574	-	-	3,417,016	3,561,574	4.2%
Non-instructional Programs	17,917	797	607,628	632,178	625,545	632,975	1.2%
Other Expenses	905,196	939,886	-	-	905,196	939,886	3.8%
TOTAL EXPENSES	\$13,767,676	\$14,144,142	\$ 607,628	\$ 632,178	\$14,375,304	\$14,776,320	2.8%
Change in Net Assets	480,943	1,141,409	64,178	48,788	545,121	1,190,197	118.3%

Property tax, statewide sales, services, and use tax, and unrestricted state grants account for 71.7% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 89.4% of the total expenses.

Governmental Activities

Figure A-5 presents the cost of four major district activities: instruction, support services, non-instructional programs and other expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial impact placed on the taxpayers by each function.

Figure A-5 Net Cost of Governmental Activities

	Total Cost of Services		%	Net Cost of Services		%
	2010	2011	Change	2010	2011	Change
Instruction	\$ 9,427,547	\$ 9,641,885	2.3%	\$ 6,699,506	\$ 7,244,600	8.1%
Support Services	3,417,016	3,561,574	4.2%	3,305,899	3,412,873	3.2%
Non-Instructional	17,917	797	-95.6%	13,833	436	-96.8%
Other	905,196	939,886	3.8%	255,407	336,548	31.8%
TOTAL	\$13,767,676	\$14,144,142	2.7%	\$10,274,645	\$10,994,457	7.0%

- The cost financed by users of the District's programs was \$890,704, an increase of \$279,850 from the previous year.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,258,981, a decrease of \$623,196 from the prior year.
- The net cost of governmental activities was financed with \$6,821,987 in property and other taxes and \$5,204,691 in unrestricted state grants.

Business Type Activities

Revenues of the District's business type activities were \$689,836 and expenses were \$632,178. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income. The district provides breakfast and noon meals to the local day care program.

INDIVIDUAL FUND ANALYSIS

As previously noted, MOC-Floyd Valley Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,029,314, an increase over last year's ending fund balances of \$1,421,138. The balance reflects an increase of \$621,111 in the General Fund fund balance, and a slight decrease in the Other Governmental Funds fund balances.

Governmental Fund Highlights

- The increase in the District's General Fund financial position is the result of stable enrollment, the state aide formula being funded through a combination of state aide and ARRA funding, a cash reserve levy significant enough to counteract the 10% across the board cut from the previous year and the initiation of a sharing agreement with the West Sioux Community School District for shared superintendent and business management services. The sharing agreement will cut expenditures in those areas for the duration of the sharing agreement and will bring in approximately \$242,000 in new funding for the 2011-12 fiscal year due to state incentives for sharing. The district received approximately \$136,000 in one time ARRA funding to expand special education and Title I services. In order to control expenditures, teachers that retired after the 2009-10 school year were not replaced. Several assistant coaching positions were paid with funding from outside sources.

- The June 2011 fund balance in the Other Governmental Funds decreased by \$12,935. This was largely due to the decreased balance in the Management Levy Fund.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased significantly from \$237,389 at June 30, 2010 to \$286,177 at June 30, 2011, mostly due to an increase in cash balance and investments in capital assets. Lunch and breakfast prices remained the same as the previous year. Sales of services to the Day Care increased as did the National School Lunch Program funding.

The district initiated a Split Funding program for its health insurance needs. A \$2,000 deductible health insurance policy was purchased from Wellmark. The district then self funds the deductible down to the \$500 or \$1,000 deductible plans that are offered to district employees. After the first year, a savings of \$93,924 was realized. This savings will be used to address future health insurance premium increases.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following a required public notice and hearing. The budget may be amended during the year utilizing statutorily prescribed procedures. The District's budget is prepared on the accrual basis. During the year, expenditures did not exceed the certified amounts. Detail can be found in the supplementary information section of this report as required.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$20,827,050 in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6) More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for governmental funds for the year was \$573,103 and \$13,061 for Food Service Operations.

Figure A-6 Capital Assets

	Governmental Activities		Business-type Activities		Total District		Total % Change
	2010	2011	2010	2011	2010	2011	
Land	\$ 337,624	\$ 337,624	\$ -	\$ -	\$ 337,624	\$ 337,624	0.0%
Buildings	16,389,262	16,416,511	-	-	16,389,262	16,416,511	0.2%
Improvements other than buildings	751,509	758,867	-	-	751,509	758,867	1.0%
Furniture and Equipment	2,938,571	3,132,452	166,090	181,596	3,104,661	3,314,048	6.7%
Total Assets	\$20,416,966	\$20,645,454	\$ 166,090	\$181,596	\$20,583,056	\$20,827,050	1.2%

Long-Term Debt

At year end, the District had \$2,109,610 in Statewide Sales, Services, and Use Tax revenue bonds outstanding, \$12,500 in notes, \$187,409 in early retirement obligations, \$20,985 in compensated absences, \$25,668 in lease obligations and \$14,994 in net OPEB liability. This is a decrease of \$684,830 from the prior year. The decrease is largely due to having the general obligation bonds paid in full and the repayment of the LOST revenue bonds. The Early Retirement Obligation increased

dramatically due to six teachers retiring after the end of the 2010-11 school year. The Early Retirement Policy for Teachers and Administrators sunset during fiscal year 2011. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District enrollment for 2011-12 decreased significantly. This will have a negative impact on the future budgets.
- There will be no increase in State Aid allowable growth for the 2011-12 fiscal year.
- The district received \$266,518 in American Recovery and Reinvestment Act Education Jobs funding. This funding will be used during the 2011-12 school year to hire back the positions vacated by teachers who retired after the 2009-10 and 2010-11 school years.
- An operational sharing arrangement began during the 2010-11 fiscal year with the sharing of services for the superintendent and business management. The district realized a decrease in expenditures during the 2010-11 fiscal year because of the shared positions and will continue to realize that savings as long as the sharing agreement is intact. In addition, due to state sharing incentives, state funding for operational sharing will increase revenues for the 2011-12 budget by approximately \$242,000 and by approximately \$194,000 for the 2012-13 budget year.
- There continues to be some economic expansion in the community.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Leann Evenhuis, District Secretary and Business Manager, MOC-Floyd Valley Consolidated School District, 1301 8th Street SE, Orange City Iowa 51041.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business Type Activity	Total
ASSETS			
Cash and Pooled Investments	\$ 3,489,275	\$ 174,845	\$ 3,664,120
Receivables:			
Property Tax	50,952	-	50,952
Succeeding Year Property Tax	4,858,055	-	4,858,055
Income Surtax	585,894	-	585,894
Accounts	8,072	16,030	24,102
Due from Other Governments	373,026	-	373,026
Restricted Assets:			
Cash and Pooled Investments	61,718	-	61,718
Inventories	-	20,150	20,150
Bond Issue Costs	4,473	-	4,473
Land	337,624	-	337,624
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	10,355,701	124,068	10,479,769
Total Assets	20,124,790	335,093	20,459,883
LIABILITIES			
Accounts Payable	289,366	23,101	312,467
Salaries and Benefits Payable	1,203,558	5,258	1,208,816
Accrued Interest Payable	8,790	-	8,790
Unearned Revenue	266,518	13,882	280,400
Deferred Revenue - Succeeding Year Taxes	4,858,055	-	4,858,055
Noncurrent Liabilities:			
Due Within One Year:			
Notes Payable	12,500	-	12,500
Lease Obligations Payable	7,555	-	7,555
Bonds Payable	648,331	-	648,331
Early Retirement Payable	187,409	-	187,409
Due in More Than One Year:			
Lease Obligations Payable	18,113	-	18,113
Accrued Compensated Absences	20,985	6,675	27,660
Bonds Payable	1,461,279	-	1,461,279
Net OPEB Liability	14,994	-	14,994
Total Liabilities	8,997,453	48,916	9,046,369
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	8,545,547	124,068	8,669,615
Restricted for:			
Categorical Funding	94,840	-	94,840
Debt Service	52,928	-	52,928
Management Levy	103,934	-	103,934
Physical Plant and Equipment Levy	151,115	-	151,115
School Infrastructure	210,150	-	210,150
Other Special Purposes	156,218	-	156,218
Unrestricted	1,812,605	162,109	1,974,714
Total Net Assets	\$ 11,127,337	\$ 286,177	\$ 11,413,514

See Accompanying Notes to Financial Statements

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants Contributions	Capital Grants Contributions
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 6,744,976	\$ 405,772	\$ 1,108,278	\$ 1,907
Special Instruction	1,768,261	83,429	405,025	-
Other Instruction	1,128,648	355,748	37,126	-
Support Services:				
Student Services	406,345	6,575	-	-
Instructional Staff Services	503,319	4,919	-	-
Administration Services	1,093,200	15,509	-	-
Operation and Maintenance	1,004,516	14,474	-	-
Transportation Services	554,194	4,270	102,954	-
Non-instructional Programs	797	8	353	-
Other Expenditures:				
Facilities Acquisition and Construction Services	203,320	-	-	-
Long-term Debt Interest	133,228	-	-	-
AEA Flowthrough	603,338	-	603,338	-
Total governmental activities	<u>14,144,142</u>	<u>890,704</u>	<u>2,257,074</u>	<u>1,907</u>
Business Type Activity:				
Non-instructional Programs				
Food Service Operations	<u>632,178</u>	<u>435,545</u>	<u>247,548</u>	<u>-</u>
Total	<u>\$ 14,776,320</u>	<u>\$ 1,326,249</u>	<u>\$ 2,504,622</u>	<u>\$ 1,907</u>
General Revenues:				
Property Tax Levied For:				
General Purposes				
Capital Outlay				
Instructional Support Surtax				
Local Option Sales Tax				
Unrestricted State Grants				
Unrestricted Investment Earnings				
Other				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activity	Total
\$ (5,229,019)		\$ (5,229,019)
(1,279,807)		(1,279,807)
(735,774)		(735,774)
(399,770)		(399,770)
(498,400)		(498,400)
(1,077,691)		(1,077,691)
(990,042)		(990,042)
(446,970)		(446,970)
(436)		(436)
(203,320)		(203,320)
(133,228)		(133,228)
-		-
<u>(10,994,457)</u>		<u>(10,994,457)</u>
	\$ 50,915	50,915
<u>(10,994,457)</u>	<u>50,915</u>	<u>(10,943,542)</u>
4,764,580	-	4,764,580
407,434	-	407,434
573,577	-	573,577
1,076,396	-	1,076,396
5,204,691	-	5,204,691
45,026	3,780	48,806
55,292	2,963	58,255
8,870	(8,870)	-
<u>12,135,866</u>	<u>(2,127)</u>	<u>12,133,739</u>
1,141,409	48,788	1,190,197
9,985,928	237,389	10,223,317
<u>\$ 11,127,337</u>	<u>\$ 286,177</u>	<u>\$ 11,413,514</u>

See Accompanying Notes to Financial Statements

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Pooled Investments	\$ 2,802,637	\$ 587,910	\$ 3,390,547
Receivables:			
Property Tax	45,258	5,694	50,952
Succeeding Year Property Tax	4,439,766	418,289	4,858,055
Income Surtax	585,894	-	585,894
Accounts	1,822	6,250	8,072
Due from Other Governments	194,371	178,655	373,026
Restricted Assets:			
Cash and Pooled Investments	-	61,718	61,718
Total Assets	<u>8,069,748</u>	<u>1,258,516</u>	<u>9,328,264</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	227,833	56,729	284,562
Salaries and Benefits Payable	1,203,558	-	1,203,558
Early Retirement Payable	-	100,363	100,363
Unearned Revenue	266,518	-	266,518
Deferred Revenue - Succeeding Year Taxes	4,439,766	418,289	4,858,055
Deferred Revenue - Income Surtax	585,894	-	585,894
Total Liabilities	<u>6,723,569</u>	<u>575,381</u>	<u>7,298,950</u>
Fund Balances:			
Restricted for:			
Categorical Funding	94,840	-	94,840
Debt Service	-	61,718	61,718
Management Levy	-	103,934	103,934
Student Activities	-	156,218	156,218
School Infrastructure	-	210,150	210,150
Physical Plant and Equipment	-	151,115	151,115
Unassigned	1,251,339	-	1,251,339
Total Fund Balances	<u>1,346,179</u>	<u>683,135</u>	<u>2,029,314</u>
Total Liabilities and Equity	<u>\$ 8,069,748</u>	<u>\$ 1,258,516</u>	<u>\$ 9,328,264</u>

**MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 16)	\$ 2,029,314
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	10,693,325
An internal service fund is used by management to fund and maintain the District's partially self-insured prescription drug plan provided to user departments and is included in the statement of net assets.	93,924
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(8,790)
Bond issue costs are reported in the governmental activities but are not reported in the governmental funds as they do not provide current economic resources.	4,473
Unearned revenues from the balance sheet that provide current financial resources for governmental activities.	585,894
Accrued compensated absences not reported on the modified accrual basis.	(20,985)
Long-term liabilities, including bonds payable, lease obligations payable, early retirement payable, and net OPEB liability are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,249,818)</u>
Total Net Assets - Governmental Activities (page 13)	<u><u>\$ 11,127,337</u></u>

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
REVENUE:			
Local Sources:			
Local Tax	\$ 5,129,621	\$ 1,683,942	\$ 6,813,563
Tuition	251,986	-	251,986
Other	223,975	372,658	596,633
State Sources	6,763,088	383	6,763,471
Federal Sources	658,020	21,617	679,637
Total Revenue	<u>13,026,690</u>	<u>2,078,600</u>	<u>15,105,290</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular Instruction	6,118,120	314,513	6,432,633
Special Instruction	1,755,192	-	1,755,192
Other Instruction	716,434	348,496	1,064,930
Support Services:			
Student Services	401,768	1,837	403,605
Instructional Staff Services	430,754	83,382	514,136
Administration Services	1,049,280	28,852	1,078,132
Operation and Maintenance	867,663	151,540	1,019,203
Transportation Services	460,951	29,173	490,124
Non-instructional Programs	794	-	794
Other Expenditures:			
Facilities Acquisition and Construction Services	-	162,335	162,335
Long-term Debt:			
Principal	-	839,184	839,184
Interest and Fiscal Charges	-	133,508	133,508
AEA Flowthrough	603,338	-	603,338
Total Expenditures	<u>12,404,294</u>	<u>2,092,820</u>	<u>14,497,114</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>622,396</u>	<u>(14,220)</u>	<u>608,176</u>
Other Financing Sources (Uses):			
Transfers In	6,786	980,763	987,549
Transfers Out	(8,071)	(979,478)	(987,549)
Total Other Financing Sources (Uses)	<u>(1,285)</u>	<u>1,285</u>	<u>-</u>
Net Change in Fund Balances	621,111	(12,935)	608,176
Fund Balances - Beginning of Year	<u>725,068</u>	<u>696,070</u>	<u>1,421,138</u>
Fund Balances - End of Year	<u>\$ 1,346,179</u>	<u>\$ 683,135</u>	<u>\$ 2,029,314</u>

See Accompanying Notes to Financial Statements

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 18)	\$	608,176
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlays in the current year as follows:

Expenditures for capital assets	\$ 229,688		
Transfer In of Capital Assets	8,870		
Depreciation expense	<u>(573,103)</u>		(334,545)

Accrued interest expense that does not require current financial resources.		3,162
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues.		8,424
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Internal service funds are used by management to fund and maintain the District's health insurance provided to user departments. The net income of the internal service funds is reported with governmental activities.		93,924
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement		(69,662)	
Net OPEB Liability		(7,497)	

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		(2,882)
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Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in the long-term compensated absences for the year was:		3,125
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The repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. The principal paid on long-term debt during the current year was as follows:

Bonds payable	819,982		
Notes payable	12,500		
Lease obligations payable	<u>6,702</u>		<u>839,184</u>

Change in net assets of governmental activities (page 15)	\$	<u>1,141,409</u>
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MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business Type Activity School Nutrition Fund	Governmental Activities Internal Service
ASSETS		
Current Assets:		
Cash and Pooled Investments	\$ 174,845	\$ 98,728
Inventories	20,150	-
Receivables:		
Accounts	16,030	-
Total Current Assets	<u>211,025</u>	<u>98,728</u>
Noncurrent Assets:		
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>124,068</u>	<u>-</u>
Total Noncurrent Assets	<u>124,068</u>	<u>-</u>
Total Assets	<u>335,093</u>	<u>98,728</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	23,101	4,804
Salaries and Benefits Payable	5,258	-
Unearned Revenue	13,882	-
Total Current Liabilities	<u>42,241</u>	<u>4,804</u>
Noncurrent Liabilities:		
Accrued Compensated Absences	<u>6,675</u>	<u>-</u>
Total Noncurrent Liabilities	<u>6,675</u>	<u>-</u>
Total Liabilities	<u>48,916</u>	<u>4,804</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	124,068	-
Unrestricted	162,109	93,924
Total Net Assets	<u>\$ 286,177</u>	<u>\$ 93,924</u>

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business Type Activity School Nutrition Fund	Governmental Activities Internal Service
Operating Revenues:		
Charges for services	\$ 435,545	\$ 162,967
Miscellaneous	2,963	-
Total Operating Revenue	438,508	162,967
Operating Expenditures:		
Non-Instructional Programs:		
Food Service Operations:		
Salaries	235,938	-
Benefits	35,110	-
Purchased Services	8,764	-
Supplies	334,689	-
Depreciation	13,061	-
Loss on Disposal of Capital Assets	4,616	-
Other Enterprise Operations:		
Benefits	-	51,361
Purchased Services	-	17,682
Total Operating Expenses	632,178	69,043
Operating Income (Loss)	(193,670)	93,924
Non-Operating Revenues :		
Interest Income	3,780	-
State Lunch Reimbursements	5,741	-
National School Lunch Program	206,234	-
Federal Food Commodities Received	35,573	-
Total Non-Operating Revenues	251,328	-
Income before Contributions and Transfers	57,658	93,924
Transfers to other Funds	(8,870)	-
Change in net assets	48,788	93,924
Net Assets - beginning	237,389	-
Net Assets - ending	\$ 286,177	\$ 93,924

See Accompanying Notes to Financial Statements

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business Type Activity School Nutrition Fund	Governmental Activities Internal Service
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 427,828	\$ -
Cash received from miscellaneous operating activities	2,963	162,967
Cash paid to employees for services	(269,778)	-
Cash paid to suppliers for goods or services	(319,325)	(64,239)
Total cash provided (used) by operating activities	<u>(158,312)</u>	<u>98,728</u>
Cash flows from noncapital financing activities:		
State grants received	5,741	-
Federal grants received	206,234	-
Total cash provided by noncapital financing activities	<u>211,975</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(40,309)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>3,780</u>	<u>-</u>
Net increase in cash and cash equivalents	17,134	98,728
Cash and cash equivalents - beginning of year	<u>157,711</u>	<u>-</u>
Cash and cash equivalents - end of year	<u><u>174,845</u></u>	<u><u>98,728</u></u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	(193,670)	93,924
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation expense	13,061	-
Commodities used	35,573	-
Loss on disposal of capital assets	4,616	-
(Increase) decrease in assets and increase (decrease) in liabilities:		
Accounts Receivable	(7,998)	-
Inventories	5,025	-
Accounts Payable	(16,470)	4,804
Salaries and Benefits Payable	835	-
Compensated Absences Payable	435	-
Unearned Revenue	281	-
Net cash provided (used) in operating activities	<u><u>\$ (158,312)</u></u>	<u><u>\$ 98,728</u></u>
Non-cash investing, capital and financing activities:		
Federal food commodities received	<u><u>\$ 35,573</u></u>	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AGENCY FUNDS
JUNE 30, 2011

	<u>2011</u>
Cash and Temporary Cash Investments	<u>\$ 66,999</u>
Total Assets	<u>66,999</u>
Liabilities:	
Other Payables	<u>66,999</u>
Net Assets	<u><u>\$ -</u></u>

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The MOC-Floyd Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Maurice, Orange City, Alton, Hospers, Newkirk and Granville, Iowa, and the predominate agricultural territory in Sioux and O'Brien Counties in Iowa. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, MOC-Floyd Valley Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. MOC-Floyd Valley Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Sioux County Assessor's Conference Board.

B. Basic Financial Statements- Government-Wide Statements

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, debt service and capital project funds are classified as governmental activities. The District's school nutrition fund is classified as a business-type activity. The District's internal service fund is classified as a governmental-type activity.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first uses restricted resources to finance qualifying activities.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The District does not allocate indirect costs. Certain expenses of the District are accounted for through an internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Fund Financial Statements

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three types: governmental, proprietary and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column in the fund financial statements. GASB No. 34 sets forth minimum criteria for the determination of major funds. The various funds reported in the financial statements are grouped into fund types as follows:

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is on determination of financial position and changes in financial position, rather than upon net income determination. The following is a description of the governmental funds of the District.

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the General Fund consists primarily of local property taxes and state government aid.

Special Revenue Fund – Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specified purposes. Each of the District's Special Revenue Funds has been established to reflect restricted revenue sources provided to school districts by the Iowa State Statutes.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for and the payment of general long-term debt principal and interest.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects Fund – Capital Project Funds account for all resources used in the acquisition and construction of capital facilities.

PROPRIETARY FUND TYPES

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements; Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Enterprise Funds – Enterprise Funds are used to account for operations: (a) which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds – Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

The District's internal service fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

A description of the District's internal service fund is as follows:

Split-Funding Health Insurance – To account for the funding and maintenance of the District's partial self-funded health insurance provided to District employees.

FIDUCIARY FUND TYPE

Fiduciary Funds are used to report assets held in an agency or custodial capacity for others and therefore are not available to support District functions. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The following are the District's fiduciary funds:

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Flex Agency Fund – The Flex account is the District's cafeteria plan. Employees of the District deposit monies into this fund, which are held by the District until they are disbursed back to the depositor.

Band Parents Agency Fund – This fund is used to account for assets held by the District as an agent for this private organization.

The District reports the following major governmental fund:

General Fund – See the description on the previous page. The General Fund is always considered to be a major fund.

The District reports the following major enterprise fund:

School Nutrition – Accounts for the food service operations of the District.

D. Basis of Accounting/Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less restricted classifications – committed, assigned, and then unassigned fund balances.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$2,000 for governmental capital assets and \$500 for school nutrition capital assets.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end, excluding grant receivables.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees can accumulate a limited amount of earned but unused sick pay for subsequent use or for partial payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements and the proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on a flat dollar amount per day. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other spendable classifications.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

F. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

NOTE 2 – CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies, certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Custodial Credit Risk – The District has no policy in place regarding custodial credit risk and deposits with financial institutions; however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District had no investments as of June 30, 2011 meeting the definition of GASB Statement 40.

NOTE 3 – INTERFUND TRANSFERS

The detail of short-term interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service	Capital Project – LOST	\$ 961,874
Debt Service	Special Revenue - Physical Plant and Equipment	10,818
Student Activity	General Fund	8,071
General Fund	Student Activity	6,786
Governmental Activities*	School Nutrition	8,870
		<u>\$ 996,419</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

* Transfers were recorded to account for capital assets purchased by the school nutrition fund that are now being used within the governmental activities.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010 (As Reclassified)	Additions	Deletions	Reclass	Balance June 30, 2011
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 337,624	\$ -	\$ -	\$ -	\$ 337,624
Total capital assets not being depreciated	337,624	-	-	-	337,624
Capital assets being depreciated:					
Buildings	16,389,262	27,249	-	-	16,416,511
Improvements other than buildings	751,509	7,358	-	-	758,867
Furniture and equipment	2,938,571	195,081	10,950	9,750	3,132,452
Total capital assets being depreciated	20,079,342	229,688	10,950	9,750	20,307,830
Less: Accumulated Depreciation for:					
Buildings	7,116,581	361,801	-	-	7,478,382
Improvements other than buildings	577,049	27,409	-	-	604,458
Furniture and equipment	1,695,466	183,893	10,950	880	1,869,289
Total Accumulated Depreciation	9,389,096	573,103	10,950	880	9,952,129
Total capital assets being depreciated, net	10,690,246	(343,415)	-	8,870	10,355,701
Governmental activities capital assets, net	\$11,027,870	\$ (343,415)	\$ -	\$ 8,870	\$ 10,693,325

During the fiscal year ended June 30, 2011 the District transferred equipment with a cost of \$9,750 and accumulated depreciation of \$880 from the business-type activity to the governmental activities.

	Balance July 1, 2010	Additions	Deletions	Reclass	Balance June 30, 2011
Business-type Activities:					
Furniture and equipment	\$ 166,090	\$ 40,309	\$ 15,053	\$ (9,750)	\$ 181,596
Less: Accumulated Depreciation	55,784	13,061	10,437	(880)	57,528
Business-type activities capital assets, net	\$ 110,306	\$ 27,248	\$ 4,616	\$ (8,870)	\$ 124,068

Depreciation expense was charged to the functions as follows:

Governmental Activities:	
Regular Instruction	\$ 369,877
Special Instruction	2,515
Other Instruction	60,005
Instructional Staff Services	17,351
Administration Services	7,347
Operation and Maintenance	53,672
Transportation Services	62,336
Total depreciation expenses – governmental activities	\$ 573,103
Business-type activities:	
Food Service Operations	\$ 13,061

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business- Type Activities
Land	\$ 337,624	\$ -
Capital Assets (net of accumulated depreciation)	10,355,701	124,068
Less: Bonds Payable	2,109,610	-
Lease Obligation	25,668	-
Notes Payable	12,500	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 8,545,547</u>	<u>\$ 124,068</u>

NOTE 5 – OTHER POST EMPLOYMENT BENEFITS

Plan Description. The District operates a single-employer retiree benefit plan. An employee who has a minimum of 10 years of service and reached age 55 are able to obtain group health insurance through the District's health insurance plan until they reach the age of 65. Premiums are based on the full active employee premium rate.

Funding Policy. The District's eligible retirees currently finance the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and NET OPEB Obligation. The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

Annual required contribution	\$ 17,500
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (Expense)	17,500
Estimated contributions made	(10,003)
Increase in net OPEB obligation	7,497
Net OPEB obligation – beginning of year	7,497
Net OPEB obligation – end of year	<u>\$ 14,994</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the estimated contributions for the year ended June 30, 2011.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 5 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 17,500	42.84%	\$ 14,994
2010	\$ 17,500	42.84%	\$ 7,497

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$190,458, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$190,458. The covered payroll (annual payroll of the active employees covered by the plan) was approximately \$6,000,000 and the ratio of the UAAL to covered payroll was 3.17%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point and do not explicitly reflect the potential effect of legal or contractual funding limitation. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3% interest discount rate based on the District's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 4%. The medical trend rate is reduced 1% each year until reaching the 4% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Termination rates used in the actuarial valuation are based upon national termination studies performed by the Society of Actuaries and adjusted to reflect the recent lower termination rates experienced by the District.

Projected claim costs of the medical plan are \$648 per month for retirees less than age 65. No coverage is assumed after age 65. Assumptions do not include any growth or decline in payroll per annum. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis for 30 years.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 6 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligations Bonds	\$ 203,409	\$ -	\$ 203,409	\$ -	\$ -
Revenue Bonds	2,726,183	-	616,573	2,109,610	648,331
Lease Obligation	32,370	-	6,702	25,668	7,555
Note Payable	25,000	-	12,500	12,500	12,500
Early Retirement	37,427	187,409	37,427	187,409	187,409
Compensated Absences	24,110	4,915	8,040	20,985	-
Net OPEB Liability	7,497	7,497	-	14,994	-
Governmental Activities Long-Term Liabilities	\$ 3,055,996	\$ 199,821	\$ 884,651	\$ 2,371,166	\$ 855,795

Revenue Bonds

The District has pledged future statewide sales, services, and use tax revenues to repay the revenue bonds issued in fiscal years 2005 and 2006. The statewide sales, services, and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services, and use tax revenues received by the District and are payable through 2015. The bonds are not a general obligation of the District. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales, services, and use tax revenues. The total principal and interest remaining to be paid on the note is \$2,109,610. For the current year, \$740,611 of principal and interest was paid on the bonds and total statewide sales, services, and use tax revenues were \$1,076,396.

The resolution providing for the issuance of the statewide sales, services, and use tax revenue bonds includes the following provisions:

1. The proceeds from the issuance of the revenue bonds shall be deposited to the Project Account.
2. All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
3. Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements each month of the fiscal year. The Sinking Account is shown as a restricted asset in the Capital Project Statewide Sales, Services, and Use Tax fund.
4. Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District was in compliance with all of the provisions during the year ended June 30, 2011.

Revenue bonds as of June 30, 2011 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – Statewide Sales, Services, and Use Tax Revenue Bonds	5.0%	<u>\$ 2,109,610</u>

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2012	\$ 648,331	\$ 92,280
2013	682,209	58,402
2014	717,608	23,003
2015	61,462	256
Total	<u>\$2,109,610</u>	<u>\$ 173,941</u>

Capital Leases

The District has entered into lease agreements as lessee for financing the acquisition of various copy machines and band instruments. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Furniture and Equipment	\$ 42,335
Less: Accumulated Depreciation	<u>8,115</u>
Total	<u>\$ 34,220</u>

The following is a schedule of future minimum lease payments under capital lease, together with the net present value of the minimum lease payments as of June 30, 2011.

Year Ending June 30	Principal	Interest	Total
2012	\$ 7,555	\$ 3,263	\$ 10,818
2013	8,515	2,303	10,818
2014	\$ 9,598	\$ 1,220	10,818
Minimum Lease Payments			32,454
Less: Amount Representing Interest			<u>(6,786)</u>
Present Value of Minimum Lease Payments			<u>\$ 25,668</u>

Note Payable

The District entered into a note payable in connection with the purchase of land during the year ended June 30, 2011. The note was issued at 0% interest and payable in four annual installments. Annual debt service requirements to maturity for the note payable is as follows:

Year Ending June 30	<u>Governmental Activities Principal</u>
2012	<u>12,500</u>
Total	<u>\$12,500</u>

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Teachers and administrators who have 10 years of continuous service with the former districts and/or the new District are eligible for Board approved early retirement compensation. Employees making application for early retirement receive as compensation an amount equal to the difference between the applicant's current salary schedule amount and that year's base pay if the application for early retirement is submitted during a period beginning with the fiscal year before the teacher attains age 55 through the fiscal year in which the teacher attains the age 65. After age 65, no early retirement compensation is available. Part-time teachers receive a percentage of the benefit. Early retirement benefits paid during the year ended June 30, 2011, totaled \$37,427. The cost of early retirement payments liquidated within 60 days is recorded as a liability of the Special Revenue, Management Levy Fund, in the fund financial statements. The non-current portion of the early retirement is recorded in the government-wide financial statements.

NOTE 7 – PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$559,394 \$534,503 and \$493,986 respectively, equal to the required contributions for each year.

NOTE 8 – RISK MANAGEMENT

MOC-Floyd Valley Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 – AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$603,338 for the year ended June 30, 2011 and is recorded in the General Fund.

NOTE 10 – SPLIT FUNDING HEALTH INSURANCE PLAN

The District's Split Funding Health Insurance Fund was established to account for the partial self-funding of the District's prescription drug benefit plan. The plan was funded by District contributions and was administered through a service agreement with Three Rivers Benefit Corporation. The District assumed liability for co-pay amounts of \$5 to \$20 depending on the coverage selected by the employee.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 10 – SPLIT FUNDING HEALTH INSURANCE PLAN (CONTINUED)

Claims payable and estimated claims incurred but not reported are recorded as liabilities of the Internal Services Fund.

Claims Payable at June 30, 2010	\$ -
Claims Paid	(46,557)
Claims Incurred	51,361
Claims Payable at June 30, 2011	<u>\$ 4,804</u>

NOTE 11 – CONSTRUCTION COMMITMENT

The District entered into an agreement to share in the cost of a soccer facility. As of June 30, 2011 the District had not incurred any expense related to this project. The cost to the District will be \$88,200.

NOTE 12 – ACCOUNTING CHANGE / RESTATEMENT

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented during the year ended June 30, 2011. As a result, the Physical Plant and Equipment Levy Fund was reclassified from a special revenue fund to a capital project fund.

REQUIRED SUPPLEMENTARY INFORMATION

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES,
BUDGET AND ACTUAL, ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Governmental	Proprietary	Total	Final to
	Original	Final	Funds	Fund	Actual	Actual
			Actual	Actual		Variance
REVENUE:						
Local Sources:						
Local Tax	\$5,756,106	\$5,756,106	\$ 6,813,563	\$ -	\$6,813,563	\$ 1,057,457
Tuition	334,441	334,441	251,986	-	251,986	(82,455)
Other	2,043,406	2,043,406	596,633	442,288	1,038,921	(1,004,485)
State Sources	7,274,812	7,274,812	6,763,471	5,741	6,769,212	(505,600)
Federal Sources	747,373	747,373	679,637	241,807	921,444	174,071
Total Revenue	16,156,138	16,156,138	15,105,290	689,836	15,795,126	(361,012)
EXPENDITURES:						
Current:						
Instruction	10,962,047	10,962,047	9,252,755	-	9,252,755	1,709,292
Support Services	4,205,713	4,205,713	3,505,200	-	3,505,200	700,513
Non-instructional Programs	841,676	841,676	794	632,178	632,972	208,704
Other Expenditures	1,938,562	1,938,562	1,738,365	-	1,738,365	200,197
Total Expenditures	17,947,998	17,947,998	14,497,114	632,178	15,129,292	2,818,706
Excess (Deficiency) of Revenues Over Expenditures	(1,791,860)	(1,791,860)	608,176	57,658	665,834	2,457,694
Other Financing Sources (Uses):						
Transfers In	972,692	972,692	987,549	-	987,549	14,857
Transfers Out	(972,692)	(972,692)	(987,549)	(8,870)	(996,419)	(23,727)
Total Other Financing Sources (Uses)	-	-	-	(8,870)	(8,870)	(8,870)
Net Change in Fund Balances	(1,791,860)	(1,791,860)	608,176	48,788	656,964	2,448,824
Fund Balances - Beginning of Year	1,658,527	1,658,527	1,421,138	237,389	1,658,527	-
Fund Balances - End of Year	\$ (133,333)	\$ (133,333)	\$ 2,029,314	\$ 286,177	\$2,315,491	\$ 2,448,824

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except the internal service fund and the agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not at the fund or fund type level. This level of control is at a level higher than the individual fund. It is necessary, therefore, to aggregate the expenditures of governmental fund types with expenses of proprietary fund types on a functional area basis and to compare such functional area totals to functional area budgeted totals in order to demonstrate legal compliance with budget. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2011, the District had no budget amendments.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan

Required Supplementary Information							
Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 190,458	\$ 190,458	0.00%	\$6,000,000	3.17%
2011	July 1, 2009	-	\$ 190,458	\$ 190,458	0.00%	\$6,000,000	3.17%

See Note 5 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 1

REVENUES:

Local Sources:

Local Tax:

Property Tax	\$ 4,493,789
Mobile Home Tax	3,185
Utility Tax Replacement Excise Tax	67,494
Surtax	565,153
	<u>5,129,621</u>

Other Local Sources:

Interest on Investments	38,355
Tuition from Individuals	38,175
Tuition from Other Districts	213,811
Rent	7,374
Miscellaneous	178,246
	<u>475,961</u>
	<u>5,605,582</u>

State Sources:

State Foundation Aid	4,781,037
State Foundation Aid - Statewide Voluntary Preschool	367,099
Instructional Support State Aid	19,829
Professional Development for Model Core Curriculum	24,161
Teacher Development Academies	6,581
Professional Development	56,851
Non-Public Transportation Aid	102,954
Non-Public Textbook and Technology Aid	12,748
Teacher Salary Supplement	672,305
Vocational Education Aid	12,033
Revenue in lieu of taxes - military credit	3,007
AEA Flow-Through	603,338
Iowa Early Intervention Block Grant	76,691
Other State Aid	24,454
	<u>6,763,088</u>

Federal Sources:

Title I Grants to Local Educational Agencies	112,980
Title III English Language Acquisition State Grants	12,815
Vocational Education - Basic Grants to States	12,344
Special Education - Grants to States	91,092
Improving Teacher Quality State Grants	51,713
Grants for Assessments and Related Activities	8,567
Medicaid	91,909
ARRA Title I	37,747
ARRA Teacher Professional Development	5,612
ARRA IDEA Part B	98,277
ARRA State Education Fiscal Funding	70,141
ARRA Government Services	62,563
Other	2,260
	<u>658,020</u>

Total Revenue

\$ 13,026,690

Continued

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 1

EXPENDITURES:

Instruction:

Regular Instruction:

Salaries	\$ 4,226,913
Benefits	1,093,503
Services	617,508
Supplies	148,894
Property	31,302
	<u>6,118,120</u>

Special Education Instruction:

Salaries	1,221,100
Benefits	284,654
Services	231,265
Supplies	9,069
Property	9,104
	<u>1,755,192</u>

Vocational Instruction:

Salaries	306,999
Benefits	79,366
Services	1,178
Supplies	15,409
Property	4,401
	<u>407,353</u>

Co-curricular Instruction:

Salaries	245,284
Benefits	43,549
Services	7,500
	<u>296,333</u>

Nonpublic Instruction:

Supplies	12,748
	<u>12,748</u>

Total Instruction		\$	8,589,746
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Continued

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 1

Support Services:

Student Services:

Attendance and Social Work Services:

Salaries	\$ 14,969
Benefits	2,133
Services	1,400
Supplies	1,308
	<u>19,810</u>

Guidance Services:

Salaries	242,837
Benefits	57,521
Services	5,161
Supplies	1,003
	<u>306,522</u>

Health Services:

Salaries	58,832
Benefits	14,789
Services	1,034
Supplies	781
	<u>75,436</u>

Total Student Services

401,768

Support Services:

Instructional Staff Services:

Improvement of Instruction Services:

Salaries	1,564
Benefits	228
Services	32,089
Supplies	1,524
Other	772
	<u>36,177</u>

Educational Media Services:

Salaries	175,933
Benefits	34,740
Services	1,914
Supplies	19,995
Property	2,766
	<u>235,348</u>

Other Instructional Staff Support Services:

Salaries	59,422
Benefits	14,430
Services	19,225
Supplies	32,308
Property	33,844
	<u>159,229</u>

Total Instructional Staff Services

\$ 430,754

Continued

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 1

Support Services (Continued):

Administration Services:

Executive Administration:

Salaries	\$ 175,125
Benefits	46,523
Services	7,757
Supplies	2,083
Other	2,000
	<u>233,488</u>

School Administration:

Salaries	506,666
Benefits	163,536
Services	11,090
Supplies	1,161
Property	619
	<u>683,072</u>

Business Administration:

Salaries	65,150
Benefits	15,633
Services	3,209
Supplies	135
Other	303
	<u>84,430</u>

Board of Education:

Services	37,936
Supplies	5,716
Other	4,638
	<u>48,290</u>

Total Administration Services:

1,049,280

Support Services:

Plant Operation and Maintenance:

Salaries	341,963
Benefits	79,521
Services	122,987
Supplies	321,443
Property	1,699
Other	50
	<u>\$ 867,663</u>

Continued

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 1

Support Services (Continued):	
Student Transportation:	
Salaries	\$ 205,672
Benefits	36,678
Services	130,847
Supplies	86,620
Other	1,134
	<u>460,951</u>
Total Support Services	<u>3,210,416</u>
Non-instructional Programs:	
Community Services:	
Salaries	381
Benefits	60
Services	353
	<u>794</u>
Other Expenditures:	
AEA Flow-Through	<u>603,338</u>
Total Expenditures	<u>12,404,294</u>
Excess of Revenues Over Expenditures	<u>622,396</u>
Other Financing Sources (Uses):	
Transfers From Other Funds	6,786
Transfers To Other Funds	<u>(8,071)</u>
Total Other Financing Sources (Uses)	<u>(1,285)</u>
Net Change in Fund Balance	621,111
Fund Balance - Beginning of Year	<u>725,068</u>
Fund Balance - End of Year	<u><u>\$ 1,346,179</u></u>

**MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL NONMAJOR FUNDS
JUNE 30, 2011**

	Special Revenue Funds		
	Management Levy	Student Activity	Debt Service
ASSETS			
Cash and Pooled Investments	\$ 202,563	\$ 166,006	\$ -
Receivables:			
Property Tax	1,984	-	-
Succeeding Year Property Tax	265,002	-	-
Accounts	-	6,250	-
Due from Other Governments	-	-	-
Restricted Assets:			
Cash and Pooled Investments	-	-	-
Total Assets	469,549	172,256	-
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	250	16,038	-
Early Retirement Payable	100,363	-	-
Deferred Revenue - Succeeding Year			
Property Taxes	265,002	-	-
Total Liabilities	365,615	16,038	-
Fund Balances:			
Restricted For:			
Debt Service	-	-	-
Student Activities	-	156,218	-
Management Levy	103,934	-	-
Physical Plant and Equipment	-	-	-
School Infrastructure	-	-	-
Total Fund Balances	103,934	156,218	-
Total Liabilities and Equity	\$ 469,549	\$ 172,256	\$ -

Schedule 2

Capital Projects		
Physical Plant and Equipment Levy	Statewide Sales, Services, and Use Tax	Total
\$ 187,846	\$ 31,495	\$ 587,910
3,710	-	5,694
153,287	-	418,289
-	-	6,250
-	178,655	178,655
-	61,718	61,718
344,843	271,868	1,258,516
40,441	-	56,729
-	-	100,363
153,287	-	418,289
193,728	-	575,381
-	61,718	61,718
-	-	156,218
-	-	103,934
151,115	-	151,115
-	210,150	210,150
151,115	271,868	683,135
\$ 344,843	\$ 271,868	\$ 1,258,516

**MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds		
	Management Levy	Student Activity	Debt Service
REVENUE:			
Local Sources:			
Local Tax	\$ 200,112	\$ -	\$ -
Other	19,058	335,579	-
State Sources	132	-	-
Federal Sources	-	-	-
Total Revenue	219,302	335,579	-
EXPENDITURES:			
Current:			
Instruction:			
Regular Instruction	138,069	-	-
Other Instruction	14,376	334,120	-
Support Services:			
Student Services	1,837	-	-
Instructional Staff Services	26,102	-	-
Administration Services	28,852	-	-
Operation and Maintenance	57,968	635	-
Transportation Services	20,634	-	-
Other Expenditures:			
Facilities Acquisition and Construction	-	-	-
Long-term Debt:			
Principal	-	-	839,184
Interest and Fiscal Charges	-	-	133,508
Total Expenditures	287,838	334,755	972,692
Excess (Deficiency) of Revenues Over Expenditures	(68,536)	824	(972,692)
Other Financing Sources (Uses):			
Transfers In	-	8,071	972,692
Transfers Out	-	(6,786)	-
Total Other Financing Sources (Uses)	-	1,285	972,692
Net Change in Fund Balance	(68,536)	2,109	-
Fund Balances - Beginning of Year	172,470	154,109	-
Fund Balances - End of Year	\$ 103,934	\$ 156,218	\$ -

Schedule 3

Capital Projects			
Physical Plant and Equipment Levy	Statewide Sales, Services, and Use Tax	Total	
\$ 407,434	\$ 1,076,396	\$	1,683,942
7,810	10,211		372,658
251	-		383
21,617	-		21,617
437,112	1,086,607		2,078,600
57,230	119,214		314,513
-	-		348,496
-	-		1,837
57,280	-		83,382
-	-		28,852
92,937	-		151,540
8,539	-		29,173
162,335	-		162,335
-	-		839,184
-	-		133,508
378,321	119,214		2,092,820
58,791	967,393		(14,220)
-	-		980,763
(10,818)	(961,874)		(979,478)
(10,818)	(961,874)		1,285
47,973	5,519		(12,935)
103,142	266,349		696,070
\$ 151,115	\$ 271,868	\$	683,135

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

					Schedule 4	
	Balance June 30, 2010	Revenues	Expenditures	Operating Transfers	Balance June 30, 2011	
Annual	\$ 10,820	\$ 12,400	\$ 16,735	\$ -	\$ 6,485	
Plays/Musical	5,859	5,643	6,601	-	4,901	
Iowa High School Speech	98	20	5,634	5,536	20	
Iowa High School Music	64	305	6,933	6,836	272	
Vocal Robe Rent	500	-	-	-	500	
Band Instrument Rent	3,102	5,276	5,925	1,349	3,802	
Band Uniform Rent	7,076	8,390	5,743	(1,208)	8,515	
Jazz Band	716	691	28	-	1,379	
High School Band	1	1,427	1,472	44	-	
Music Gate Receipts	1,380	4,330	4,493	(496)	721	
Athletics	18,378	108,812	102,004	-	25,186	
Joint Baseball/Softball	3,792	5,500	9,056	-	236	
Joint Baseball/Softball Concessions	3,495	8,777	6,126	(1,643)	4,503	
Boys Basketball	248	270	275	-	243	
Dutch Football	8,469	7,463	7,188	(939)	7,805	
Wrestling Concessions	523	6,380	5,447	(170)	1,286	
Youth Wrestling	605	264	-	-	869	
Dutch Volleyball	1,333	5,547	5,128	-	1,752	
Industrial Tech./Skills USA	305	108	-	-	413	
Dance Team	1,902	1,046	602	-	2,346	
Peb Club/Cheerleaders	1,507	4,868	4,099	-	2,276	
Student Council	5,211	3,201	3,323	-	5,089	
Speech Club	1,520	7,898	3,133	(4,034)	2,251	
FFA Club	4,724	23,300	26,276	-	1,748	
Class of 2017	-	-	-	500	500	
Class of 2016	500	-	-	300	800	
Class of 2015	1,000	-	-	-	1,000	
Class of 2014	1,500	-	-	-	1,500	
Class of 2013	1,500	-	-	-	1,500	
Class of 2012	1,500	10,407	9,202	-	2,705	
Class of 2011	2,303	-	1,306	-	997	
Class of 2010	23	5	-	-	28	
Get a Grip	252	-	-	-	252	
Middle/High School Shop	174	481	640	-	15	
Awards	4,773	1,488	640	-	5,621	
Miscellaneous	8,532	12,438	10,419	(3,990)	6,561	
Concessions	12,956	15,450	17,224	-	11,182	
Orange City Outdoor Education	4,066	13,470	12,647	-	4,889	
Orange City Elementary Pictures	6,569	5,662	3,560	-	8,671	
Orange City Elementary Book Club	472	360	511	-	321	
Orange City Elementary Care Fund	415	-	-	-	415	
National Honor Society	7,413	4,380	10,453	-	1,340	
Middle School Student Council	\$ 1,043	\$ 2,399	\$ 2,576	\$ -	\$ 866	

(Continued)

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

					Schedule 4
	Balance			Operating	Balance
	June 30,	Revenues	Expenditures	Transfers	June 30,
	2010				2011
Middle School Magazines	\$ 9,083	\$ 41,568	\$ 37,764	\$ (800)	\$ 12,087
Middle School Book Club	81	-	-	-	81
Middle School Pictures	1,686	960	347	-	2,299
Hospers Elementary Pictures	756	803	85	-	1,474
Reading Counts	5,884	3,792	1,160	-	8,516
Totals	\$ 154,109	\$ 335,579	\$ 334,755	\$ 1,285	\$ 156,218

**MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN NET ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

				Schedule 5
	Balance			Balance
	July 1, 2010	Additions	Deductions	June 30, 2011
<u>FLEX</u>				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	\$ 111,827	\$ 93,211	\$ 18,616
Total Assets	-	111,827	93,211	18,616
<u>Liabilities</u>				
Other Payables	-	111,827	93,211	18,616
Total Liabilities	-	111,827	93,211	18,616
<u>Band Parents</u>				
<u>Assets</u>				
Cash and Pooled Investments	31,864	296,753	280,234	48,383
Total Assets	31,864	296,753	280,234	48,383
<u>Liabilities</u>				
Other Payables	31,864	296,753	280,234	48,383
Total Liabilities	31,864	296,753	280,234	48,383
<u>Totals</u>				
<u>Assets</u>				
Cash and Pooled Investments	31,864	408,580	373,445	66,999
Total Assets	31,864	408,580	373,445	66,999
<u>Liabilities</u>				
Other Payables	31,864	408,580	373,445	66,999
Total Liabilities	\$ 31,864	\$ 408,580	\$ 373,445	\$ 66,999

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE EIGHT YEARS ENDED JUNE 30, 2011

	Modified Accrual Basis of Accounting			
	2011	2010	2009	2008
Revenues:				
Local Sources:				
Local Tax	\$ 6,813,563	\$ 6,177,551	\$ 5,920,879	\$ 5,742,777
Tuition	251,986	213,050	206,596	227,197
Other	596,633	517,985	516,071	595,337
State Sources	6,763,471	6,006,701	6,855,748	6,350,048
Federal Sources	679,637	1,285,219	638,707	585,683
Total	15,105,290	14,200,506	14,138,001	13,501,042
Expenditures:				
Instruction:				
Regular	6,432,633	6,296,032	6,248,844	5,848,218
Special	1,755,192	1,774,807	1,620,557	1,403,884
Other	1,064,930	1,070,482	1,087,334	1,100,724
Support Services:				
Student	403,605	391,921	387,817	365,581
Instructional Staff	514,136	468,121	471,129	437,981
Administration	1,078,132	1,049,388	1,023,237	997,004
Operation and maintenance of plant	1,019,203	947,276	971,881	926,787
Transportation	490,124	545,967	547,162	497,695
Non-instructional programs	794	17,917	15,187	11,799
Other Expenditures:				
Facilities Acquisition	162,335	240,797	355,452	194,210
Long-term debt:				
Principal	839,184	805,096	768,865	721,864
Interest and other charges	133,508	167,597	202,359	236,861
AEA Flowthrough	603,338	588,853	522,985	494,092
Total	\$ 14,497,114	\$ 14,364,254	\$ 14,222,809	\$ 13,236,700

Schedule 6

Modified Accrual Basis of Accounting

2007	2006	2005	2004
\$ 5,717,087	\$ 5,422,730	\$ 5,617,211	\$ 4,988,529
245,447	238,086	203,510	186,899
653,974	796,282	558,505	432,540
5,662,514	5,230,501	5,180,289	4,692,680
356,122	408,004	389,042	431,026
12,635,144	12,095,603	11,948,557	10,731,674
5,245,267	4,745,983	4,548,117	4,502,074
1,274,833	1,050,820	1,109,891	1,267,711
1,146,584	1,178,431	1,102,055	867,876
367,276	327,830	298,770	290,962
474,641	491,826	445,567	489,514
988,093	966,342	894,523	842,722
961,151	851,118	696,566	646,831
476,459	488,615	435,149	464,428
12,784	12,896	13,321	14,123
612,353	3,568,453	3,016,635	298,711
625,209	600,000	570,000	545,000
256,253	279,828	74,396	84,535
460,286	436,066	432,179	435,808
\$ 12,901,189	\$ 14,998,208	\$ 13,637,169	\$ 10,750,295

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Schedule 7			
Grantor/Program	CFDA Number	Grant Number	Expenditures
Direct:			
U.S. Department of Education:			
Fund for the Improvement of Education	84.215	FY11	\$ 23,523
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY11	28,304
National School Lunch Program	10.555	FY11	213,502 **
			<u>241,806 *</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY11	112,980
Title I Grants to Local Educational Agencies - ARRA	84.389	FY11	37,747
			<u>150,727</u>
Career and Technical Education - Basic Grants to States	84.048	FY11	12,344
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY11	353
English Language Acquisition Grants	84.365	FY11	2,048
Improving Teacher Quality State Grants	84.367	FY11	51,713
Grants for State Assessments & Related Activities	84.369	FY11	8,567
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) -			
Education State Grants - ARRA	84.394	FY11	68,175
State Fiscal Stabilization Fund (SFSF) -			
Government Services - ARRA	84.397	FY11	70,141
			<u>138,316</u>
Western Hills Area Education Agency:			
Special Education Cluster:			
Special Education - Grants to States	84.027	FY11	91,092
Special Education - Grants to States - ARRA	84.391	FY11	98,277
			<u>189,369 *</u>
English Language Acquisition Grants	84.365	FY11	<u>10,767</u>
Total			<u><u>\$ 829,533</u></u>

* Total expenditures from these programs exceed 50% of the total Federal Awards and are considered major programs

** Includes \$35,573 of non-cash awards.

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the MOC-Floyd Valley Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 8

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency and material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance, which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 84.027 – Grants to States (IDEA, Part B)
 - CFDA Number 84.391 – Grants to States (IDEA, Part B) – ARRA
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) MOC-Floyd Valley Community School District did not qualify as a low-risk auditee.

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 8

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

There were no prior year audit findings.

SIGNIFICANT DEFICIENCY:

II-A-11 Financial Reporting

Comment – During the audit, we identified material amounts of capital asset additions and deletions not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include those amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all capital asset additions and deletions are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any capital asset transactions or other adjustments.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCY:

No matters were noted.

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 8

Part IV: Other Findings Related to Statutory Reporting

- IV-A-11 Certified Budget – Disbursements for the year ended June 30, 2011 did not exceed amounts budgeted.
- IV-B-11 Questionable Disbursements – No disbursements were noted that they may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-11 Business Transactions – Business transactions between the District and District Officials are detailed as follows:
- | Name, Title and
Business Connection | Transaction
Description | Amount |
|--|----------------------------|-----------|
| Gerald Van Roekel, Board Member
Part-owner of Van Engelenhoven Agency | Insurance | \$155,060 |
- This transaction may represent a conflict of interest and the District should contact legal council for determination.
- IV-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-11 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-11 Certified Annual Report – The Certified Annual Report was certified timely to the Department of Education.
- IV-J-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 8

Part IV: Other Findings Related to Statutory Reporting – (Continued)

IV-K-11 Statewide Sales, Services, and Use Tax – No instances of non-compliance with the use of the statewide sales, services, and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services, and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District's CAR:

Beginning Balance		\$ 266,349
Statewide Sales and Services Tax Revenue	\$1,076,396	
Other Local Revenues	10,211	1,086,607
		<u>1,352,956</u>
Expenditures/transfers out:		
Equipment	119,214	
Transfers to other funds:		
Debt Service	\$ 961,874	1,081,088
Ending Balance		<u>\$ 63,129</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-L-11 Student Activity Fund – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. We found no accounts that didn't appear to be extracurricular or co-curricular in nature.

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Schedule 8

Part V: Findings – Year Ended June 30, 2010:

There were no prior year audit findings



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
MOC-Floyd Valley Community School District

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT as of and for the year ended June 30, 2011, which collectively comprise the MOC-Floyd Valley Community School District's basic financial statements, and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered MOC-Floyd Valley Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MOC-Floyd Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the MOC-Floyd Valley Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We considered the deficiency described as II-A-11 in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether MOC-Floyd Valley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the district. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

MOC-Floyd Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit MOC-Floyd Valley Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the board of education, management, employees and citizens of MOC-Floyd Valley Community School District and other parties to whom the MOC-Floyd Valley Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of MOC-Floyd Valley Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 5, 2011



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education of the
MOC-Floyd Valley Community School District:

Compliance:

We have audited the compliance of MOC-Floyd Valley Community School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. MOC-Floyd Valley Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of MOC-Floyd Valley Community School District's management. Our responsibility is to express an opinion on MOC-Floyd Valley Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MOC-Floyd Valley Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on MOC-Floyd Valley Community School District's compliance with those requirements.

In our opinion MOC-Floyd Valley Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance:

The management of the MOC-Floyd Valley Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered MOC-Floyd Valley Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the MOC-Floyd Valley Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

MOC-Floyd Valley Community School District's response to findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit MOC-Floyd Valley Community School District's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the board of education, management, employees and citizens of MOC-Floyd Valley Community School District and other parties to whom MOC-Floyd Valley Community School District may report, including federal awarding agencies and pass-through entities. This report is intended to be and should not be used by anyone other than these specified parties.

Williams + Company, P.C.

Certified Public Accountants

Le Mars, Iowa
December 5, 2011